

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 /021 W  
-----123535 210954Z /20

R 201903Z APR 78  
FM AMEMBASSY PARIS  
TO USDOC WASHDC  
AMEMBASSY LONDON  
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USDOC

E.O. 11652: N/A  
TAGS: ECIN, FR  
SUBJECT: POTENTIAL JOINT VENTURE WITH ALSTHOM-ATLANTIQUE  
(38 AVENUE KLEBER - 75784 PARIS CEDEX 16)

REF: LONDON 5703

ATTENTION: MAJOR PROJECTS DIVISION

1. SUMMARY - PURSUANT TO REFTEL, EMBASSY PARIS CONTACTED MESSRS. FRANCIS SOULIE DE MORANT AND RENE BAUS, DIRECTION DES AFFAIRES INTERNATIONALES, ALSTHOM-ATLANTIQUE (A-A) REGARDING POSSIBLE JOINT VENTURES WITH AMERICAN FIRMS. WHILE THEY STRESSED THAT ALSTHOM-ATLANTIQUE IS ALWAYS AMENABLE TO JOINT VENTURES WITH U.S. FIRMS, THERE ARE NO PARTICULAR PROJECTS PLANNED FOR WHICH THEY ARE SEEKING AMERICAN PARTICIPATION. ATLANTIQUE (A-A) REGARDING POSSIBLE JOINT VENTURES WITH AMERICAN FIRMS. WHILE THEY STRESSED THAT ALSTHOM-ATLANTIQUE IS ALWAYS AMENABLE TO JOINT VENTURES WITH U.S. FIRMS, THERE ARE NO PARTICULAR PROJECTS PLANNED FOR WHICH THEY ARE SEEKING AMERICAN PARTICIPATION. THEY WOULD BE WILLING TO CONSIDER PROPOSALS, HOWEVER,  
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FOR PROJECTS INVOLVING U.S. FIRMS ESPECIALLY IN THE  
NUCLEAR ENERGY FIELD. END SUMMARY

2. WHEN WE ASKED ABOUT THE PLANNED DIVERSIFICATION TO  
BREAK COMPANY INTO SIX OR SEVEN UNITS, WE DREW A BLANK.  
THIS MAY, HOWEVER, SIMPLY REFER TO THE EXISTING  
ORGANIZATION OF THE FIRM (FOLLOWING A REORGANIZATION IN

1976) INTO THE FOLLOWING SEVEN DIVISIONS: SHIPBUILDING, MECHANICAL ENGINEERING AND EQUIPMENT, RAILWAY TRANSPORT EQUIPMENT, ELECTRICAL EQUIPMENT, ELECTRO-MECHANICAL EQUIPMENT, POWER GENERATING PLANTS, AND INDUSTRIAL INSTALLATIONS.

3. ACCORDING TO THE FIRM'S MOST RECENT ANNUAL REPORT (1976 - BEING FORWARDED UNDER SEPARATE COVER FOR MAJOR PROJECTS DIVISION), 1976 MARKED SEVERAL MAJOR CHANGES IN THE COMPANY. ALSTHOM MERGED WITH TWO MAJOR FRENCH ENTERPRISES: CHANTIER DE L'ATLANTIQUE, A MAJOR SHIPBUILDING FIRM, AND RATEAU, A MANUFACTURER OF STEAM TURBINES, COMPRESSORS, PUMPS AND VALVES. FURTHERMORE, AGREEMENTS WERE SIGNED WITH CEM-COMPAGNIE ELECTRO-MECANIQUE AND CREUSOT-LOIRE. THE MERGER WITH CHANTIER DE L'ATLANTIQUE PUT ALSTHOM INTO THE RANKS OF FIRMS OF "INTERNATIONAL STATUS" AND PROVIDED HORIZONTAL INTEGRATION OF THE FIRM'S ACTIVITIES. AFTER ALSTHOM MERGED WITH RATEAU, THEIR MAIN COMPETITOR IN HIGH POWER STEAM ENGINES WAS THE CEM/CREUSOT-LOIRE GROUP. THE AGREEMENT WITH THEM WAS DESIGNED TO "PREVENT OVERINVESTMENT AND UNBALANCE" BETWEEN THE TWO GROUPS. IT ALSO INCREASES ALSTHOM-ATLANTIQUE'S CAPACITY TO 8,000 MW., MAKING IT SECOND IN THE ENTIRE WORLD ONLY TO GENERAL ELECTRIC AND WESTINGHOUSE.

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4. A-A IS ALREADY HEAVILY INVOLVED IN MARKETS OUTSIDE FRANCE. PRIOR TO THE MERGER, ALSTHOM ATTRIBUTED 45 PERCENT OF ITS TURNOVER TO EXPORT SALES AND CHANTIER DE L'ATLANTIQUE ATTRIBUTED 60 PERCENT. EXAMPLES OF MAJOR PROJECTS INCLUDE:

- COMPAGNIE EUROPEENNE DE TURBINES A GAZ - JOINT VENTURE FORMED IN 1973 BY ALSTHOM AND GENERAL ELECTRIC. (GE WAS BOUGHT OUT IN 1976.)

- ALMOST 30 ANTENNAS FOR TELECOMMUNICATIONS STATIONS HAVE BEEN SET UP IN 17 COUNTRIES MAKING

A-A FIRST IN EUROPE AND A WORLD LEADER AMONG SUPPLIES.

- ELECTRIC LOCOMOTIVES ARE BEING TESTED BY AMTRAK FOR POSSIBLE USE IN THE U.S. A-A HAS ALREADY SOLD RAILWAY EQUIPMENT TO BURMA, TURKEY, YUGOSLAVIA, SOUTH KOREA, PORTUGAL, CHILE AND VARIOUS AFRICAN COUNTRIES.

5. A-A IS INVOLVED WITH U.S. FIRMS IN JOINT VENTURES, E.G.

G. IN PUERTO RICO THEY HAVE A JOINT VENTURE WITH  
SYLVANIA FOR THE MANUFACTURE OF TURBO-DRILLERS. SOME  
A-A EQUIPMENT IS BEING MANUFACTURED IN THE U.S. UNDER

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LICENSING AGREEMENTS AS WELL.

6. ONE AREA CITED AS HAVING POTENTIAL FOR JOINT  
VENTURES WAS IN NUCLEAR ENERGY. A-A HAS WORKED IN  
COOPERATION WITH THE COMMISSARIAT A L'ENERGIE ATOMIQUE  
(CEA) TO DEVELOP CAS-TYPE REACTORS WITH INCREASED  
CAPACITY. THESE HAVE APPLICATIONS IN SHIP PROPULSION,  
SMALL POWER PLANTS, COMBINED HEAT AND ELECTRIC POWER  
APPLICATIONS AND HEAT GENERATION. TWO OTHER FRENCH  
FIRMS, SPIE-BATIGNOLLES AND SOCIETE GENERALE D'  
ENTREPRISES, HAVE WORKED IN PARTNERSHIP WITH A-A AND  
WERE ALSO MENTIONED AS HAVING POSSIBLE INTEREST IN  
COOPERATIVE VENTURES WITH U.S. FIRMS. SPIE-BATIGNOLLES  
COOPERATED IN THE CONSTRUCTION OF THE KOEBERG NUCLEAR  
POWER STATION IN SOUTH AFRICA, AND SOCIETE GENERALE  
D'ENTREPRISES IN THE TABRIZ STEAM POWER PROJECT IN IRAN.

7. COMMENT - IT IS POSSIBLE THAT THE LONDON SOURCES  
HAD THE CHANGES OF 1976 IN MIND WHEN DIVERSIFICATION  
WAS MENTIONED. CONSIDERING THE RATE THIS FIRM IS  
GROWING, HOWEVER, THERE MAY BE FURTHER CHANGES DOWN THE  
ROAD WHICH WOULD INCREASE THE POTENTIAL FOR JOINT  
VENTURES. THE MANAGEMENT, WHILE NOT PRESENTLY

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CONSIDERING SUCH PROJECTS, SEEMS WELL INFORMED AND  
SUFFICIENTLY ACTIVE IN THE FIELD THAT IT IS DOUBTFUL  
ANY CONCRETE OPPORTUNITY WOULD SLIP PAST THEM.

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## Message Attributes

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